



**UNITED WAY COMMUNITY SERVICES, INC.**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2006 and 2005**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
United Way Community Services, Inc.

We have audited the accompanying statements of financial position of United Way Community Services, Inc. (a nonprofit organization) as of June 30, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the United Way Community Services, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way Community Services, Inc. as of June 30, 2006 and 2005, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2006, on our consideration of United Way Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

*Squire & Company, PC*

July 28, 2006

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

June 30, 2006 and 2005

	2006	2005
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 78,986	\$ 33,473
Accounts and funding receivable	130,294	168,078
Prepaid expenses	36,609	25,388
Total current assets	245,889	226,939
<b>Fixed Assets:</b>		
Furniture and equipment	39,835	80,624
Vehicles	840,071	849,098
Accumulated depreciation	(587,183)	(522,812)
Net fixed assets	292,723	406,910
Total assets	<u>\$ 538,612</u>	<u>\$ 633,849</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 49,560	\$ 47,657
Due to United Way of Central and Southern Utah	29,180	187,430
Accrued compensated absences	14,885	13,338
Total current liabilities	93,625	248,425
<b>Unrestricted Net Assets:</b>		
Undesignated	408,987	385,424
Designated for benefits	36,000	-
Total unrestricted net assets	444,987	385,424
Total liabilities and net assets	<u>\$ 538,612</u>	<u>\$ 633,849</u>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY COMMUNITY SERVICES, INC.****STATEMENTS OF ACTIVITIES**

Years Ended June 30, 2006 and 2005

	2006	2005
<b>Changes in Unrestricted Net Assets:</b>		
Revenues and Support:		
Transportation services:		
Utah Transit Authority funding	\$ 1,512,971	\$ 1,390,432
Service provider contracts	144,480	143,271
Agency services	57,330	70,178
Rider fares	19,064	17,354
In-kind donations	118,800	219,110
	<u>1,852,645</u>	<u>1,840,345</u>
Other revenues	11,026	523
Gain on sale of fixed assets	-	2,150
	<u>1,863,671</u>	<u>1,843,018</u>
Total revenues and support		
	1,863,671	1,843,018
Expenses:		
Program services:		
Paratransit program services	1,715,132	1,763,846
Supporting services:		
General and administrative	88,976	85,040
	<u>1,804,108</u>	<u>1,848,886</u>
Total expenses		
	1,804,108	1,848,886
<b>Change in Net Assets</b>	59,563	(5,868)
<b>Net Assets at Beginning of Year</b>	385,424	391,292
<b>Net Assets at End of Year</b>	<u>\$ 444,987</u>	<u>\$ 385,424</u>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2006

	Paratransit Program Services	General and Administrative	Total
Salaries and wages	\$ 677,644	\$ 47,934	\$ 725,578
Employee benefits	93,276	16,184	109,460
Payroll taxes	52,358	3,704	56,062
Total personnel expenses	823,278	67,822	891,100
Bad debt	701	-	701
Conferences and training	2,593	1,582	4,175
Dues and subscriptions	1,074	-	1,074
Liability insurance	1,619	115	1,734
Occupancy costs	34,763	2,459	37,222
Repairs and maintenance	3,922	278	4,200
Postage	115	-	115
Printing and copying	2,757	-	2,757
Professional fees	-	7,294	7,294
Rewards	6,877	-	6,877
Supplies	2,129	151	2,280
Telephone	4,421	313	4,734
Travel and meals	1,552	1,181	2,733
Vehicle expense	612,720	-	612,720
Management/support services	102,741	7,267	110,008
Miscellaneous	21	176	197
Total before depreciation	1,601,283	88,638	1,689,921
Depreciation	113,849	338	114,187
Total functional expenses	<u>\$ 1,715,132</u>	<u>\$ 88,976</u>	<u>\$ 1,804,108</u>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2005

	Paratransit Program Services	General and Administrative	Total
Salaries and wages	\$ 747,866	\$ 42,277	\$ 790,143
Employee benefits	88,909	18,711	107,620
Unemployment insurance	297	-	297
Payroll taxes	57,211	3,514	60,725
Total personnel expenses	894,283	64,502	958,785
Bad debt	2	-	2
Conferences and training	1,510	1,552	3,062
Dues and subscriptions	957	107	1,064
Liability insurance	4,700	-	4,700
Occupancy costs	35,029	2,151	37,180
Repairs and maintenance	5,016	308	5,324
Postage	75	-	75
Printing and copying	2,926	-	2,926
Professional fees	-	7,385	7,385
Rewards	7,842	-	7,842
Supplies	3,056	187	3,243
Telephone	5,326	327	5,653
Travel and meals	1,779	1,528	3,307
Vehicle expense	601,244	-	601,244
Management/support services	94,221	5,787	100,008
Miscellaneous	-	972	972
Total before depreciation	1,657,966	84,806	1,742,772
Depreciation	105,880	234	106,114
Total functional expenses	\$ 1,763,846	\$ 85,040	\$ 1,848,886

The accompanying notes are an integral part of these financial statements.

**UNITED WAY COMMUNITY SERVICES, INC.****STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2006 and 2005

	2006	2005
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 59,563	\$ (5,868)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	114,187	106,114
Gain on sale of fixed assets	-	(2,150)
In-kind donation of equipment	-	(67,910)
Change in operating assets and liabilities:		
Accounts and funding receivable	37,784	24,387
Prepaid expenses	(11,221)	14,226
Accounts payable and accrued liabilities	1,903	(2,825)
Due to United Way of Central and Southern Utah	(158,250)	5,558
Accrued compensated absences	1,547	(3,657)
Net cash provided by operating activities	45,513	67,875
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of equipment	-	2,150
Acquisition of equipment	-	(40,913)
Net cash consumed by investing activities	-	(38,763)
<b>Cash Flows from Financing Activities:</b>		
Repayment of note payable - Utah Transit Authority	-	(20,000)
<b>Net Change in Cash</b>	45,513	9,112
<b>Cash at Beginning of Year</b>	33,473	24,361
<b>Cash at End of Year</b>	<u>\$ 78,986</u>	<u>\$ 33,473</u>

**Supplementary Disclosure:**

During the year ended June 30, 2005, the Organization received in-kind donations of \$67,910, constituting 80 percent of the fair value of vehicles purchased.

The Organization paid no interest or income taxes for the years ended June 30, 2006 and 2005.

The accompanying notes are an integral part of these financial statements.



**UNITED WAY COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies**

The financial statements of United Way Community Services, Inc. (the Organization) have been prepared on the accrual method of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – The Organization provides transportation services for disabled persons and senior citizens throughout Utah County.

The Organization is exempt from federal income taxes under Internal Revenue Code section 501(a) and is classified as a section 501(c)(3) public charity.

Revenue Recognition – Revenue from grants and contracts are recognized in the period in which approved expenses are incurred or when services have been performed. No allowance for doubtful accounts has been established. Management believes all amounts are collectible.

Donated Services – No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Cash – Cash consists of deposits with various financial institutions.

Prepaid Expenses – Prepaid expenses consist of amounts paid for which the benefit extends beyond the current period. Prepaid expenses include insurance premiums and rent.

Fixed Assets – Equipment and vehicles are carried at cost or, if donated, at fair market value at the date of donation. Depreciation is computed on a straight-line basis over three to ten years.

Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2. Economic Dependence**

The Organization receives a substantial portion of its revenue from service-provider contracts and grants. Revenue from these contracts and grants is dependent upon the funding policies of the contractors and grantors and, as such, can be adjusted at any time.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 3. Related Party Transactions**

The Organization is related to United Way of Central and Southern Utah (United Way) through common control, as one Board of Trustees governs both agencies. As of June 30, 2006 and 2005, the Organization owed United Way \$29,180 and \$187,430, respectively.

During the year ended June 30, 2002, the Board of Directors approved a management fee to be charged the Organization by United Way for administrative services. The management fee amount for the years ended June 30, 2006 and 2005, was \$110,008 and \$100,008, respectively.

**Note 4. Retirement Plan**

A defined contribution plan is provided for all qualified employees who have been with the Organization for one or more years. The Organization contributes 5 percent of qualified employees' gross earnings to the plan. In addition, the Organization matches 50 percent of the first 6 percent of employee contributions. The Organization contributions for the years ended June 30, 2006 and 2005, were \$41,080 and \$33,296, respectively.

**Note 5. Functional Expense Allocations**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 6. Use of Vehicles at No Charge**

The Organization does not have title to all of the vehicles in its use. Some of the vehicles used by the Organization are owned by Utah Transit Authority (UTA) and are not listed as assets by the Organization. Management has estimated the fair lease value of the vehicles provided to the Organization at no cost by UTA and recorded that amount as revenue in the Statements of Activities and as an expense in the Statements of Functional Expenses. For the years ended June 30, 2006 and 2005, the value of these contributions was \$118,800 and \$151,200, respectively.

**Note 7. Leases**

The Organization subleases a portion of the building leased by Community Action Services from United Way. Lease expense for the years ending June 30, 2006 and 2005, was \$31,222 and \$31,180, respectively. The lease agreement is for five years ending December 2006 with options to renew thereafter.

**OTHER INFORMATION**



**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Board of Trustees  
United Way Community Services, Inc.

We have audited the financial statements of United Way Community Services, Inc. (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated July 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered United Way Community Services, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way Community Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees, management, and applicable granting agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Squire & Company, PC*

July 28, 2006